

Volume 1 - Executive Summary

The Executive Summary contains:

- City Manager's Budget Message
- Policy Issues and Budgetary Themes
- Guide to the Budget
- Proposed Budget Executive Summary
- Glossary

City Manager's Budget Message

The City Manager's Budget Message summarizes important aspects, themes, and priorities that are encompassed within the City's budget, including:

- Economic and Revenue Outlook
- Operating Expenditures
- Capital Improvements Program

Policy Issues and Budgetary Themes

The Policy Issues and Budgetary Themes section details the major policy issues and themes underlying the development of the Fiscal Year 2001 Proposed Budget, including:

- Police Service Improvements
- "6 to 6" Extended School Day Program
- State Bond Initiatives
- Property Tax Legislation
- Street Maintenance-Roadway Enhancement Program
- Fire and Life Safety Services Facility Rehabilitation
- Multiple Species Conservation Program (MSCP)

The City of San Diego Fiscal

Year 2001 Proposed Budget is

presented in four volumes:

- Volume I –
Executive Summary
- Volumes II and III –
Department Detail
- Volume IV –
Capital Improvements
Program

Guide to the Budget

How to Read the Budget

A Glossary is provided in Volume I to clarify terms presented throughout the budget document.

Budget Summary Schedules provide the reader with comprehensive detail for funds and departments.

Guide to the Budget

The Guide to the Budget outlines:

- How to Read the Budget
- City Restructuring Changes
- The Allocation Process
- The Budget Process Timeline
- Definition of City Fund Types

Proposed Budget Executive Summary

The Proposed Budget Executive Summary contains general information about expenditures, revenues and positions, and provides the reader with a condensed version of the budget, including:

- Major General Fund Revenue
- Economic Indicators
- Budget Summary Schedules

Volumes II and III - Department Detail

The Department Detail contains budget information for each of the City's business centers, departments, funds and/or programs. The City of San Diego is organized into seven business centers that appear alphabetically within these two volumes.

- Employee Relations and Special Projects
- Financial, Organization Development and Management Services
- Fire and Life Safety Services
- Neighborhood Services, Planning and Development
- Police
- Public Works
- Technology Services

Departments are presented within business centers. Departments that are not captured within a Business Center are located in Volume III under *Other Departments*. Division and/or major activity information is presented for each department.

Department Detail contains the following sections:

- | | |
|---------------------------------|--|
| • Mission Statement | • Division Staffing |
| • Organization Chart | • Division Expenditures |
| • Source of Funding | • Significant Budget Adjustments |
| • Allocation of Funding | • Division Allocation of Positions |
| • Department Summary | • Division Allocation of Funding |
| • Department Staffing | • Performance Measures |
| • Department Expenditures | • Description and Salary Schedule |
| • Expenditures by Category | • Revenue and Expense Statement |
| • Revenue Generated by Category | • Five-Year Revenue and Expenditure Forecast |
| • Division Summary | |

The Department Detail page

headers are color-coded to

signify fund types as follows:

- Green Headers - General Fund departments, divisions or programs
- Blue Headers - Non-General Fund departments, divisions or programs
- Yellow Headers - Grant Funds

Volumes II & III contain the greatest detail of a department's budget.

Guide to the Budget

How to Read the Budget

Mission Statement

The Mission Statement, located at the beginning of each department, describes the department charter. The web address is also included. The following example is from the Metropolitan Wastewater Department:

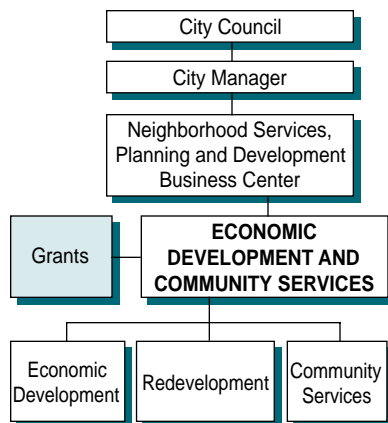
mission statement

To provide the public with a safe and efficient regional sewerage system that protects our ocean water quality, supplements our limited water supply and meets federal standards at the lowest possible cost.

web address: <http://www.ci.san-diego.ca.us>

Organization Chart

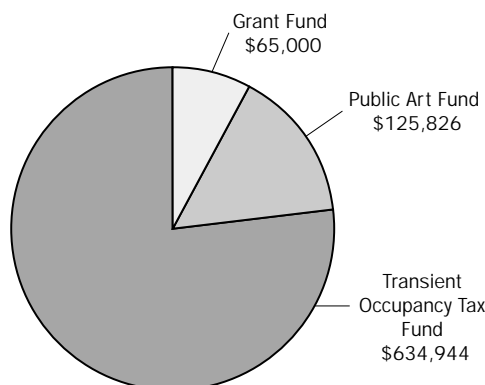
The relationships of the departments, divisions, programs, major activities, and funds within the City's structure are displayed in the Organization Charts for each business center and department. Shaded boxes signify Non-General Fund areas. The example shown to the left is from the Economic Development and Community Services Department.



Source of Funding and Allocation of Funding

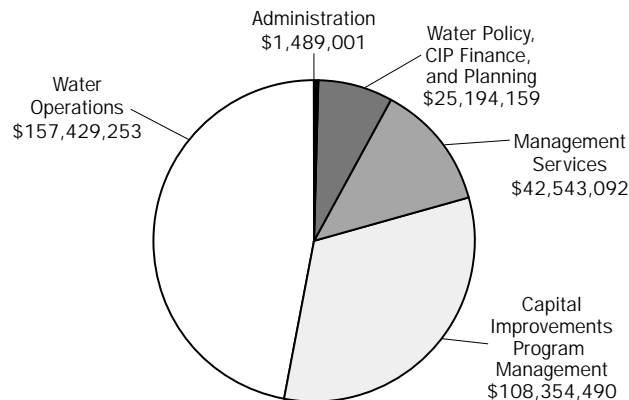
The Source of Funding represents how a department budget is financed.

source of funding



The Allocation of Funding identifies how a department budget is distributed among divisions, programs, and/or major activities.

allocation of funding



Department Summary

The Department Summary table displays comparisons of department positions and expenses for Fiscal Years 1999 – 2001.

department summary			
	FY 1999 ACTUAL	FY 2000 BUDGET	FY 2001 PROPOSED
Positions	727.47	756.68	765.86
Personnel Expense	\$ 35,655,271	\$ 39,075,779	\$ 41,627,074
Non-Personnel Expense	175,753,028	288,781,697	293,382,921
TOTAL	\$ 211,408,299	\$ 327,857,476	\$ 336,009,995

Guide to the Budget

How to Read the Budget

Department Staffing and Department Expenditures

Department positions and expenditures are displayed for each division, program and/or major activity by fund for Fiscal Years 1999 – 2001.

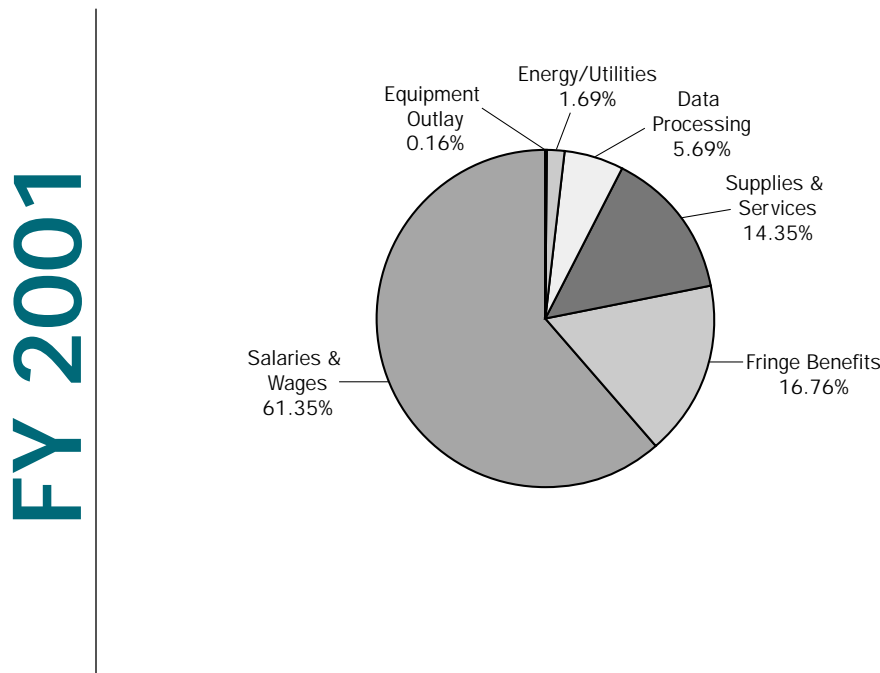
department staffing	FY 1999 ACTUAL	FY 2000 BUDGET	FY 2001 PROPOSED
WATER FUND			
Administration	3.62	10.58	16.26
Management Services	159.60	219.10	214.60
Water Operations	518.25	465.00	464.00
Capital Improvements			
Program Mgmt.	46.00	62.00	29.00
Water Policy, CIP Finance, & Planning	0.00	0.00	42.00
TOTAL	727.47	756.68	765.86
department expenditures			
WATER FUND			
Administration	\$ 1,394,742	\$ 741,795	\$ 1,489,001
Management Services	26,870,183	40,217,480	42,543,092
Water Operations	130,789,130	147,669,924	157,429,253
Capital Improvements			
Program Mgmt.	52,354,244	139,228,277	108,354,490
Water Policy, CIP Finance, & Planning	–	–	–
TOTAL	\$ 211,408,299	\$ 327,857,476	\$ 335,009,995

Expenditures by Category

Personnel and non-personnel expenses are displayed by fund and major expenditure category for Fiscal Years 1999 – 2001.

	FY 1999 ACTUAL	FY 2000 BUDGET	FY 2001 PROPOSED
PERSONNEL			
Salaries & Wages	\$ 27,544,510	\$ 30,047,740	\$ 31,848,312
Fringe Benefits	8,110,761	9,028,039	9,778,762
SUBTOTAL PERSONNEL	\$ 35,655,271	\$ 39,075,779	\$ 41,627,074
NON-PERSONNEL			
Supplies & Services	\$ 162,973,556	\$ 274,813,781	\$ 276,299,052
Data Processing	6,549,503	7,912,316	10,338,584
Energy/Utilities	5,064,020	5,109,187	5,767,565
Equipment Outlay	1,165,949	946,413	977,720
SUBTOTAL NON-PERSONNEL	\$ 175,753,028	\$ 288,781,697	\$ 293,382,921
TOTAL	\$ 211,408,299	\$ 327,857,476	\$ 335,009,995

In addition, Fiscal Year 2001 budget expenditures by category are presented in a pie chart.



Guide to the Budget

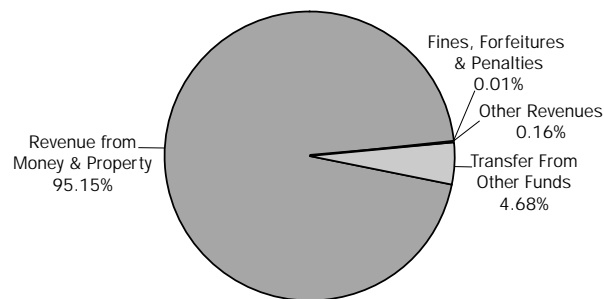
How to Read the Budget

Revenue Generated by Category

Department revenue is displayed by major revenue category for three fiscal years.

	FY 1999 ACTUAL	FY 2000 BUDGET	FY 2001 PROPOSED
Fines, Forfeitures & Penalties	\$ 2,132	\$ 2,000	\$ 2,000
Licenses & Permits	501	–	–
Revenue from Money & Property	7,422,938	17,353,851	15,035,704
Revenue from Other Agencies	3,053,575	1,330,000	1,330,000
Charges for Current Services	174,524,411	187,634,055	206,948,567
Other Revenues	777,133	268,000	112,937,342
Transfers from Other Funds	7,241,293	179,994,352	5,800,502
TOTAL	\$ 193,021,983	\$ 386,582,258	\$ 342,054,115

In addition, the breakdown for Fiscal Year 2001 budget is presented in a pie chart that outlines the percentage of revenue budgeted within each category.



Division Summary

The Division Summary table displays division positions and expenses for Fiscal Years 1999 – 2001.

division summary			
	FY 1999 ACTUAL	FY 2000 BUDGET	FY 2001 PROPOSED
Positions	3.62	10.58	16.26
Personnel Expense	\$ 276,952	\$ 641,235	\$ 1,024,308
Non-personnel Expense	1,117,790	100,560	464,693
TOTAL	\$ 1,394,742	\$ 741,795	\$ 1,489,001

Division Staffing and Division Expenditures

Division positions and expenditures are displayed by activity group for Fiscal Years 1999 – 2001.

division staffing	FY 1999 ACTUAL	FY 2000 BUDGET	FY 2001 PROPOSED
Department Management	3.62	2.58	2.76
Human Resources	0.00	8.00	13.50
TOTAL	3.62	10.58	16.26
division expenditures			
Department Management	\$ 284,420	\$ 304,209	\$ 388,470
Human Resources	1,110,322	437,586	1,100,531
TOTAL	\$ 1,394,742	\$ 741,795	\$ 1,489,001

Significant Budget Adjustments

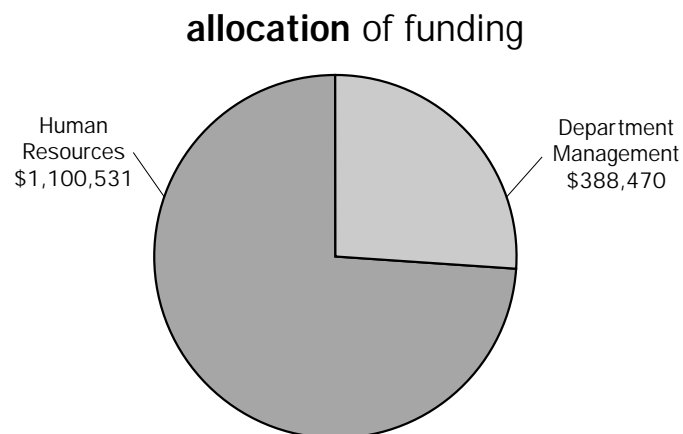
Programmatic and staffing changes between FY 2000 and FY 2001 are listed as Significant Budget Adjustments.

SIGNIFICANT BUDGET ADJUSTMENTS

	POSITIONS	COST
Personnel Expense Adjustments	0.00	\$268,000
Staffing for Street Maintenance Program	2.00	\$144,000
Motive equipment assignment and usage charges	0.00	\$100,000
Onetime expense	0.00	(\$50,000)

Division Allocation of Positions/Division Allocation of Funding

Allocation of Positions and Allocation of Funding for each departments' divisions are presented in pie charts.



Guide to the Budget

How to Read the Budget

Performance Measures

Key department activities are highlighted in the performance measures section for Fiscal Years 1998 – 2001 as follows:

- **Input** - reflects the amount of resources expended and/or budgeted to perform an activity.
- **Output** - measures the units produced or the services delivered by an activity.
- **Internal Outcome** – a measure used by management to assess ongoing performance of the work unit.
- **External Outcome** – measures the impact that services have on the citizens and/or customers.
- **Efficiency** – measures the relationship between the input and the output, usually expressed as cost per unit produced or service delivered.

emergency services

Emergency Operations

To respond to emergency incidents within an average of six minutes.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Budget	FY 2001 Proposed
Input				
	\$65,692,545	\$69,472,495	\$71,314,975	\$77,322,364
Output				
# of emergency responses	84,731	84,704	85,500	86,000
Internal Outcome				
Cost-loss index ⁽¹⁾	\$84	\$88	\$87	\$92
External Outcome				
Average engine/truck company response time to emergency incidents (in minutes)	6.0	6.4	6.0	6.0
Efficiency				
Cost per emergency response	\$775	\$820	\$834	\$899

⁽¹⁾ The cost-loss index represents the average cost per City resident for fire protection and fire loss. It reflects the Fire and Life Safety Services budget per capita plus the fire dollar loss per capita.

Note: Some performance measures may have changed from previously reported figures due to reconciliation of actual expenditures. Performance measures may also differ from previously reported figures due to revisions or recalculations as a result of continuous efforts to refine measures and to improve accuracy in the measures, figures and activity costs reported.

Description and Salary Schedule

The Description and Salary Schedule includes a brief summary of the major activities within a department, division, program, or fund. The schedule displays the number of budgeted positions for Fiscal Years 2000 and 2001. The salaries and wages by job classification for Fiscal Year 2001 are also displayed, as well as supplemental personnel expenses, such as registration pay for engineers, temporary help, special assignment pay, etc.

department management

This section manages and directs the activities of the Water Department; acts as liaison with local, state, and federal agencies; and advises the City of San Diego and the City Manager on water supply and other water related issues.

CLASS NUMBER	POSITION TITLE	POSITION YEARS		SALARIES AND WAGES	
		FY 2000	FY 2001	CLASS	TOTAL
1876	Executive Secretary	1.29	1.38	\$ 41,099	\$ 56,716
2153	Deputy City Manager	0.29	0.38	127,675	48,517
2194	Water Department Director	1.00	1.00	106,023	106,023
	Ex Perf Pay-Unclassified				3,000
	Overtime Budgeted				541
	TOTAL	2.58	2.76		\$ 214,797

***Note:** The word "terminal" displayed at the end of a position title indicates that the title will be discontinued when existing staff is reclassified.*

Guide to the Budget

How to Read the Budget

Revenue and Expense Statement

The Revenue and Expense Statement is a financial document that presents revenue, expense, reserve and fund balance information for Fiscal Years 1999 – 2001.

Note: General Fund departments do not have Revenue and Expense Statements.

	FY 1999 ACTUAL	FY 2000 ESTIMATED	FY 2001 PROPOSED
BEGINNING BALANCE AND RESERVE			
Total Balance from Prior Year	\$ 306,962	\$ 607,932	\$ 685,303
REVENUE			
Reimbursed Material	\$ 18,085,745	\$ 17,000,000	\$ 15,100,000
Surcharge Revenue	1,537,227	1,419,500	1,275,000
Surplus Property Sales	19,594	15,000	15,000
Surplus Property Surcharge	85,492	62,000	58,000
Interoffice Mail Delivery	195,355	204,366	238,500
Central Stores Administrative Services	59,522	50,000	25,000
Fund Transfer	5,781	-	-
TOTAL OPERATING REVENUE	\$ 19,988,716	\$ 18,750,866	\$ 16,711,500
TOTAL BALANCE AND REVENUE	\$ 20,295,678	\$ 19,358,798	\$ 17,396,803
EXPENSE			
OPERATING EXPENSE			
Personnel Expense	\$ 1,174,426	\$ 1,174,867	\$ 1,243,807
Non-Personnel Expense	782,251	498,628	440,904
Inventory Purchases	17,731,069	17,000,000	14,991,147
TOTAL OPERATING EXPENSE	\$ 19,687,746	\$ 18,673,495	\$ 16,675,858
RESERVE	\$ -	\$ -	\$ -
BALANCE	\$ 607,932	\$ 685,303	\$ 720,945
TOTAL EXPENSE, RESERVE AND BALANCE	\$ 20,295,678	\$ 19,358,798	\$ 17,396,803

Five-Year Revenue and Expenditure Forecast

The Five-Year Revenue and Expenditure Forecast displays the projected positions, expenditures, and revenue for Fiscal Years 2001 – 2005 with descriptions of the major requirements projected for Fiscal Years 2002 – 2005.

	FY 2001 PROPOSED	FY 2002 FORECAST	FY 2003 FORECAST	FY 2004 FORECAST	FY 2005 FORECAST
Positions	743.86	744.86	744.86	744.86	744.86
Personnel Expense	\$ 39,937,282	\$ 41,235,400	\$ 42,472,462	\$ 43,746,63	\$ 46,059,036
Non-Personnel Expense	157,912,073	167,710,945	177,904,244	188,559,820	199,697,802
TOTAL EXPENDITURES	\$ 197,849,355	\$ 208,946,345	\$ 220,376,706	\$ 232,306,456	\$ 244,756,837
 TOTAL REVENUE	 \$ 206,893,471	 \$ 220,776,740	 \$ 227,160,474	 \$ 239,012,075	 \$ 248,639,903

FISCAL YEARS 2002 – 2005

No major requirements.

Guide to the Budget

How to Read the Budget

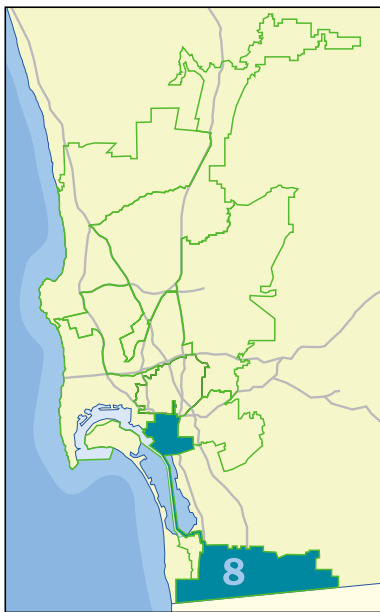
Volume IV - Capital Improvements Program (CIP)

The Capital Improvements Program (CIP) details all of the capital improvement projects by department throughout the City. Guidelines for reading the CIP Budget are included in the Volume IV Introduction section. Volume IV includes financial information, Summary of Project Changes, and Capital Improvement Program Project pages listed by Business Center, Department, Improvement Type and Project Number.

The standard CIP Project page includes a Council District map, expenditures pie chart, picture or map, project narrative, and an expenditure chart for Fiscal Year 2001 – Fiscal Year 2006.

The project narrative includes:

- Description
- Justification
- Operating Budget Effect
- Relationship to General and Community Plans
- Scheduling

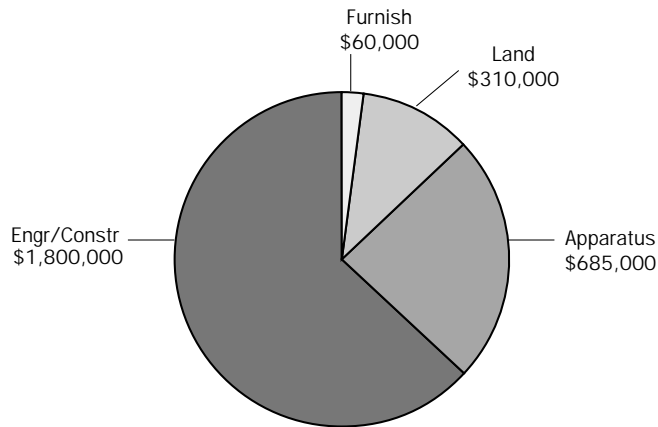


Council District: 8
Community Plan: Otay Mesa

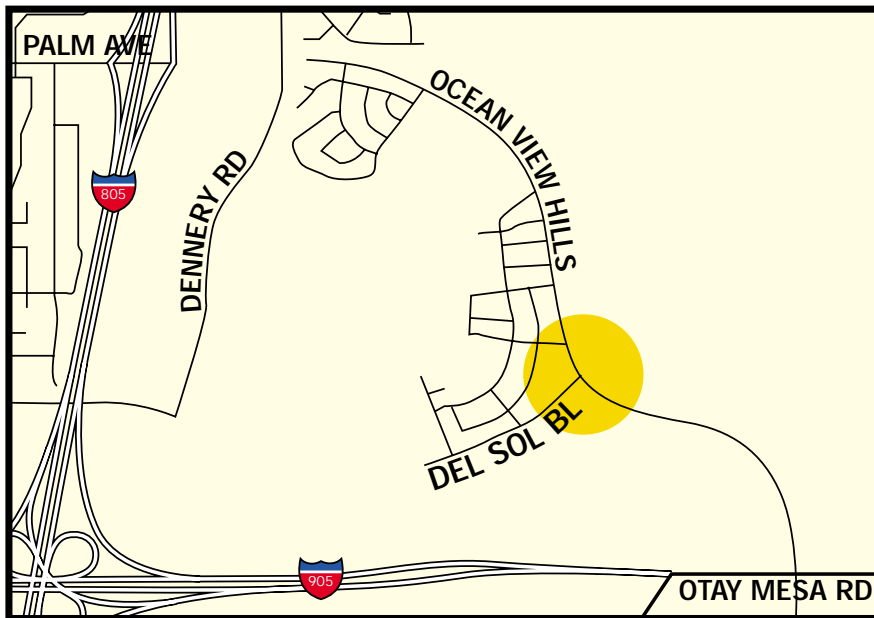
Guide to the Budget

How to Read the Budget

expenditure detail



The Expenditure Detail pie chart graphically represents project expenditures divided into major categories, including land acquisition, engineering and construction, etc.



The picture box provides a map of the project area or a picture representing the project.

The chart below identifies project expenses.

Revenue Source	Expended Encumbered	Continuing Appropriation	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	Total Project Cost
PDIF				300,000	1,020,000	1,535,000			8,565,000
Total				300,000	1,020,000	1,535,000			8,565,000
Work Code					L	FDA	C		

Guide to the Budget

How to Read the Budget

General Information

General Information on

- **Budgeted Figures**
- **Budgeted Positions**

Budgeted Figures

In January 1998, the Financial Management Department began using a new automated budget system to prepare the City of San Diego Budget. The Financial Management Information System (FMIS) has the capability of reporting numbers to four decimal points; therefore totals are rounded. Consequently, an insignificant difference (+/- \$1.00) in the total dollar amount may be displayed in columnar data.

Budgeted Positions

Budgeted positions are reflected throughout the budget document as full-time equivalent (FTE). For example, one full-time position is equal to 1.00 FTE; one half-time position is equal to 0.50 FTE.

City of San Diego Restructuring

As part of the Fiscal Year 2001 Proposed Budget, the City has restructured to make the organization more in-line with the services provided. This includes the elimination, consolidation, or reallocation of activities performed by City departments in an overall effort to better place focus on key responsibilities and performance measures. Outlined below are the major components and changes associated with this restructuring effort.

CITY OF SAN DIEGO RESTRUCTURING		
Restructured Component	Fiscal Year 2000	Fiscal Year 2001
Financial and Technical Services Business Center	Financial and Technical Services Business Center	Financial, Organization Development and Management Services Business Center
Health Department	Health Department	Citywide Program Expenditures/Health Department
Metropolitan Wastewater Department	Fund 41508 "Sewer Fund" / Fund 41509 "Sewer Fund"	Fund 41509 "Sewer Fund". (Merging of Fund 41508 and Fund 41509)
Information Technology and Communications Department	Information Technology and Communications Department	Technology Services Business Center
Citywide Program Expenditures: Labor Relations Endowment City Development Citywide Volunteer Program Special Events Communications Management	Citywide Program Expenditures: Labor Relations Endowment City Development Citywide Volunteer Program Special Events Communications Management	Employee Relations and Special Projects Business Center/Employee Relations and Special Projects Department

The restructured components have been reflected as follows:

- If the restructuring is reflected as a transfer from one department to another, it is noted on the Significant Budget Adjustments in the department detail. Otherwise, the budget history is reflected in the new department, and footnoted where prior year information varies from previously published information.

Guide to the Budget

The Allocation Process

Allocation Process

The City of San Diego is a chartered city operating under the Council-Manager form of government. The City Council comprised of eight Council Members, elected by district, who serve overlapping four-year terms. The Council presiding Mayor, elected at large, serves a four-year term. The Mayor and City Council, which act as the City's legislative and policy-making body, appoints the City Manager. The City Manager is the City's chief administrator responsible for implementing policies and programs adopted by the Mayor and City Council.

The preparation of the City of San Diego's Annual Budget is the culmination of an annual budget process. Since the City's fiscal year starts the 1st of July and ends the 30th of June the following year, the budget process for an upcoming fiscal year commences in the preceding fall. After gathering public input on services and programs during the winter months through community budget forums, the City Manager develops priorities for the proposed budget. During the first Council meeting in May, the City Manager presents a balanced proposed budget to the Mayor and City Council, as dictated by the City Charter. After public hearings and Council deliberations, the Mayor and City Council adopt the final budget by June 30th, the last day before the new fiscal year starts.

Throughout the proposed budget process, departments submit operating budget and Capital Improvements Program requests to the City Manager for review by the Financial Management Department. Upholding Citywide service level requirements, the City Manager evaluates submitted operating budget and Capital Improvements Program requests, determines resources available through a careful forecasting of revenues, and develops budget priorities for a balanced proposed budget.

The Mayor and City Council review the Proposed Budget during May and June. The first step of the budget review process invites citizens for public comment on allocating resources for the upcoming fiscal year. A schedule of the City Council hearings is available from the City Clerk's office in May. Citizens also are encouraged to contact the Mayor's office or respective Council Member's office to provide input



A schedule of the City Council hearings is available from the City Clerk's office in May. Citizens also are encouraged to contact the Mayor's office or respective Council Member's office to provide input to budget priorities.

to budget priorities. For review, the proposed budget document is available at City public libraries and on the City of San Diego's Web Site (<http://www.ci.san-diego.ca.us/budget/>).

In July, the Mayor and City Council hold two final public hearings before approving the final budget. The final budget must be approved through majority vote by the Mayor and City Council no later than July 31. At the concluding hearing, the Mayor and City Council approve the Annual Appropriation Ordinance, which adopts the final budget and establishes legal authority for City officials to obligate and expend funds. The final budget document is then prepared and published.

The Budget and Management

Services Division of the

Financial Management

Department works in close

cooperation with the office of

the City Auditor and

Comptroller to monitor fund

balances throughout the fiscal

year in order to avoid

expenditures in excess of

available funds.

Amendments to the Budget

Budget and Management Services Division of the Financial Management Department works in close cooperation with the office of the City Auditor and Comptroller to monitor fund balances throughout the fiscal year in order to avoid expenditures in excess of available funds. In case of revenue shortfall, planned expenditures are reduced or deferred.

In addition, during the fiscal year, circumstances may arise that result in the need to adjust spending priorities. The procedure for amending the budget depends upon the type of amendment that is required. If the amendment does not affect the total appropriation for a department, then the department director has the authority to reallocate funds. However, changes within specific accounts require approval from Budget and Management Services, the City Manager, or the City Council. City Council approval for budget amendments is necessary if the amendment is to the adopted budget. The Annual Appropriation Ordinance also includes direction on the transfer of allocations during the fiscal year and the authority for such transfers.

Proposition 4 (Gann Limit) Appropriation

Pursuant to Article XIII B of the California Constitution (known as the Gann Limit), the City must compute an annual appropriations limit which places a ceiling on the total amount of tax revenues the City can appropriate annually. The limit is adjusted each year using the following factors: (1) the percentage change in California Per Capita Income or the

Guide to the Budget

The Allocation Process

change in the City's Assessed Valuation due to new non-residential construction, whichever is greater and (2) the percentage change in the Citywide or Countywide population, whichever is greater.

The City's appropriation limit for Fiscal Year 2000 was established at \$512,052,218. It is estimated that the City will be under the Gann Limit by approximately \$41 million. The City's Fiscal Year 2001 appropriations limit will be calculated in May 2000 upon receipt of the annual adjustment factors from the California Department of Finance.

Accounting Policies and Basis of Budgeting

Significant Policies and Practices

The City's budgetary policies conform to Generally Accepted Accounting Principles (GAAP) applicable to governmental units. The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The City's Governmental Funds and Expendable Trust and Agency Funds use the modified accrual basis. Governmental Fund Types are those through which most governmental functions of the City are financed and include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds. Expendable Trust and Agency Funds are of the Fiduciary Fund type used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

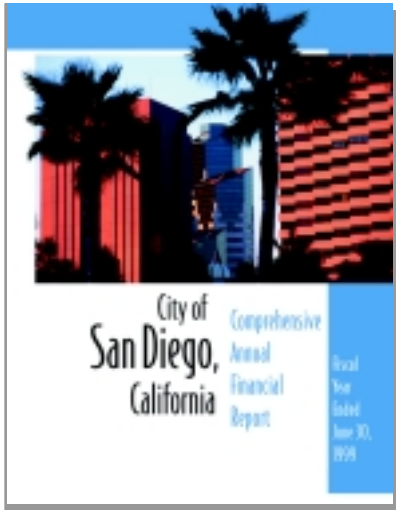
Under the modified accrual basis, revenues are recorded when both available and measurable. Certain fines and forfeitures, however, are recorded when received, as they are not susceptible to accrual. Expenditures are recognized when the related liability is incurred, except for (1) principal of and interest on general long-term debt which are recognized when due; and (2) employee annual leave and claims and judgments for litigation and self-insurance which are recorded in the period due and payable

Proprietary Funds, Pension Trust, and Non-expendable Trust Funds use the accrual basis. Proprietary Fund types include the City's Enterprise and Internal Service Funds. Under the accrual basis, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

The City's budgetary policies conform to Generally Accepted Accounting Principles (GAAP) applicable to governmental units.



The City's general purpose
financial statements for
Fiscal Year 1999 are available
for public review on the
City's Web Site
www.ci.san-diego.ca.us.



Encumbrances

The City budget is prepared on the modified accrual basis of accounting except that (1) encumbrances outstanding at year-end are considered expenditures and (2) the increase/decrease in reserve for advances and deposits to other funds and agencies are considered additions/deductions of expenditures. Encumbrances outstanding for the City of San Diego at year-end are reported as reservations of fund balances since the commitments will be honored through subsequent years' continuing appropriations. Encumbrances do not constitute expenditures or liabilities for GAAP reporting purposes.

Budgetary Control

Budgetary control for the City's General Fund is exercised at the salaries and wages and non-personnel expense level. Budgetary control for other budgeted funds is maintained at the total fund appropriation level.

The City's financial statement, the Comprehensive Annual Financial Report (CAFR), is prepared in conformity with GAAP for governmental entities, which are audited by an independent certified public accounting firm. The annual financial report is generally available about six months after the June 30 close of each fiscal year. The City's most recent general purpose financial statements for Fiscal Year 1999 were audited by the accounting firm, Calderon, Jaham & Osborn, and are available for public review at the City Clerk's Office and on the City's Web Site (<http://www.ci.san-diego.ca.us/city-auditor/cafr.shtml>)

Guide to the Budget

Budget Process Timeline

The following schedule outlines the major dates and tasks involved in preparing the annual budget. The budget calendar overlaps fiscal years and the steps listed below cover one complete budget cycle.

September

The Financial Management Department's Budget and Management Services Division develops the guidelines and schedule for the budget preparation process.

October through December

Budget and Management Services distributes the City Manager's budget policy guidelines to departments instructing them on preparing their base budget.

Departments submit their base budget requests via the on-line Financial Management Information System (FMIS) for review by Budget and Management Services. The departmental base budgets reflect current levels of services that have been adjusted for uncontrollable or allowable increases or decreases, i.e. salary adjustments, energy, utilities or existing contractual services. Base budgets may also reflect a reallocation of resources within departmental budgets based upon historical information.

Special Promotional Programs and Community Development Block Grant applications are made available and submitted by interested organizations.

December through March

The City Manager presents the initial budget status report to the Mayor and City Council and requests budget priorities and policy direction for the upcoming fiscal year.

The Mayor and City Council host Community Budget Forums to obtain citizen input on services and develop priorities for the City Manager's budget development.



The Mayor and City Council

host Community Budget

Forums to obtain citizen input

on services and develop

priorities for the City

Manager's budget

development.



The Mayor and City Council conduct budget meetings to review the proposed budget, at which public comment is received.

Departments submit further budget requests based upon: (1) clear and refined objectives that reflect operations at the highest possible level of economy and efficiency, and (2) budget priorities provided by the Mayor and City Council. Several Executive Team Meetings are held to conduct high level budget policy issue discussions and make budget decisions based upon the Citywide priorities. Those who attend each Executive Team Meeting include: the City Manager, Assistant City Manager, Deputy City Managers, Financial Management Director, Deputy Budget Director, and responsible Department Director.

In March, the City Manager recommends a program of projects to be funded by Community Development Block Grant funds. A public hearing is held to review the program. Recommendations for funding are presented to the City Council for consideration.

April

The Proposed Budget is finalized and Budget and Management Services prepares the Proposed Budget Document.

May

The City Manager submits the Proposed Budget to the Mayor and City Council at the first City Council meeting in May, per the City Charter, and files a copy with the City Clerk's Office.

City Agency budgets are received and reviewed by Budget and Management Services.

June

The Mayor and City Council conduct budget meetings to review the Proposed Budget. Public comment is received at this time, with the balance of the meetings conducted as City Council workshops focusing on policy issues.

City Agency budget proposals are also presented to the Mayor and City Council in June.

Guide to the Budget

Budget Process Timeline

July

The Mayor and City Council adopt the Annual Budget no later than the last City Council meeting in July. This gives City officials the legal authority by the Mayor and City Council to expend resources.

The adoption of the Appropriation Ordinance requires two noticed public hearings, usually held on consecutive days.



August

The Mayor and City Council adopt the Annual Tax Rate Ordinance no later than the last City Council meeting in August.

September

Budget and Management Services prepares the Final Document.

October

The Final Budget is printed and distributed.

The City's budget is financed with various funds. A fund can be thought of as a separate bank account for specific purposes. The General Fund is the City's main operating fund used to pay for core City services such as public safety (police, fire, and lifeguard services), street maintenance, refuse collection, parks and recreation, and libraries. These activities mostly utilize tax dollars, such as Property Tax and Sales Tax, but are also supported by fees from licenses and permits, fines, and investment earnings.

Other types of funds are as follows:

Enterprise Funds

These funds account for specific services funded directly by fees and charges to users. Enterprise Funds include the Water and Sewer Funds, Planning and Development Review, Refuse Disposal and Recycling, Golf Course and the City Airport. The intent is that these funds are to be self-supporting and are not subsidized by any general revenue or tax.

Capital Improvement Funds

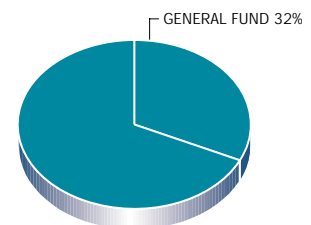
A capital improvement is generally a large construction project such as the development of parkland, the construction of a sewer pump plant, the installation of a traffic signal, or the construction or remodeling of a City facility. Monies to support these projects are derived from water and sewer fees, a 1/2-cent local sales tax for transportation improvements, developer impact fees, grant funds, and/or the issuance of bonds or commercial paper for very large projects.

Internal Service Funds

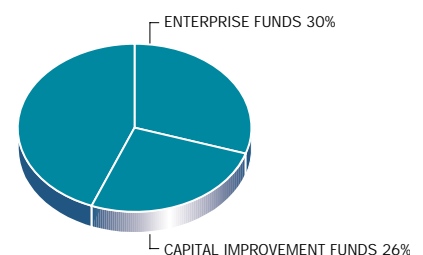
These funds are created to finance and account for centralized services provided to all other City departments. The funds' expenses are repaid from fees, with rates set to recover the cost of services provided. Central Stores, Print Shop, and Equipment Division are examples of internal service funds.

The General Fund is the City's main operating fund used to pay for core City services.

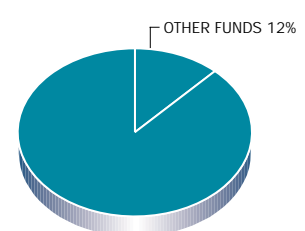
TOTAL CITY BUDGET



TOTAL CITY BUDGET



TOTAL CITY BUDGET



Guide to the Budget

City Funds



Special assessments finance improvements such as providing additional parking spaces for visitors, making shopping areas more aesthetically pleasing and scheduling recreational activities, all of which promote the business district.

Special Revenue Funds

These funds account for revenues received that have specific purposes for which they can be used. The City has a number of Special Revenue Funds, including the Gas Tax, Environmental Growth, Public Art, TransNet, and Transient Occupancy Tax Funds.

Debt Service Funds

These funds are used for the payment of principal and interest on an obligation resulting from the issuance of bonds, for example the Bond Interest and Redemption Funds are used to finance the cost of capital improvements.

Tax Funds

These funds contain monies that are borrowed from the sale of Tax Anticipation Notes (TANS) on a short-term basis to meet the cash requirements of the City prior to the receipt of property taxes. Related costs are budgeted in the fund and are offset by interest earnings realized.

Business Improvement District Funds

Business Improvement Districts (BIDs) are established by City Ordinance. Special assessments are levied upon business owners within a district with specifically defined boundaries. These assessments finance improvements within the district such as providing additional parking spaces for visitors to the district, making shopping areas more aesthetically pleasing, and scheduling recreational activities which promote the district.

Maintenance Assessment District Funds

Property owners within a specified district are assessed for the purpose of financing maintenance of open space areas, street medians, rights-of-way, and in some cases, mini-parks and street lights.